

Before the
Federal Communications Commission
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
)
Amendment of the Commission's Rules) ET Docket No. 98-237
with Regard to the 3650-3700 MHZ) FCC 98-337
Government Transfer Band)
)

COMMENTS
OF THE
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

The National Telephone Cooperative Association ("NTCA") hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM"), released December 18, 1998.¹ NTCA is a national association of approximately 500 local exchange carriers that provide service primarily in rural areas. All NTCA members are small carriers that are "Rural Telephone Companies" as defined in the Telecommunications Act of 1996. Approximately half of NTCA's members are organized as cooperatives.

I. INTRODUCTION

The FCC proposes to allocate the 3650-3700 MHZ band to the non-Governmental fixed service on a primary basis. The FCC envisions that the spectrum will be used to provide fixed point-to-point and point-to-multipoint services including Internet access and video conferencing, and may provide an economical means to offer "local loop" or "last-mile" facilities. NTCA

¹ In the Matter of *Amendment of the Commission's Rules with Regard to the 3650-3700 MHz Government Transfer Band*, Notice of Proposed Rulemaking, ET Docket No. 98-237 (Released December 18, 1998).

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urges the FCC to consider the goals of the Telecommunications Act when deciding how to license this service. The FCC has an obligation under Section 706 to encourage deployment of advanced services in rural areas. The FCC also has an obligation to provide small businesses the opportunity to obtain new licenses. The best way to encourage such deployment is through the licensing of spectrum in small geographic areas.

II. LICENSING THE 3650-3700 MHZ BAND IN SMALL GEOGRAPHIC AREAS WILL PROMOTE SERVICE TO RURAL AND INSULAR AREAS

The FCC requests comment on whether to offer the 3650-3700 MHZ band for license as a single 50 megahertz block on either a nationwide or large regional service area basis. While NTCA agrees that offering the spectrum in 50 MHZ blocks will provide the most effective use of the spectrum,² it disagrees that the spectrum should be offered as either a single nationwide license or in large regional service areas. Licensing the service in such large service areas would neither promote service to all Americans, nor would it encourage small businesses to obtain licenses.

The FCC has an obligation under Section 706 of the Telecommunications Act to encourage the deployment of advanced telecommunications capability to ALL Americans. Rural areas are most likely to receive service if the spectrum is licensed in small geographic areas that reflect community of interests or traditional local exchange service areas. A licensee who obtains a single license for the entire nation, or even for a large geographic territory, will provide service to the largest metropolitan areas first. Such areas have the greatest concentration

² The Commission may consider allowing the disaggregation of the spectrum. As new technologies develop and new uses for the 3650-3700 MHZ band are discovered, such an option may permit the most efficient use of the spectrum.

of businesses, residents, and wealth and are thus the most profitable. Economics will drive companies to serve these urban areas first and ignore the needs of rural residents.

Conversely, if a licensee receives authority to serve a small area, only those interested in actually serving an area will bother obtaining the license for it. Thus, a licensee that receives the license for a rural territory would actually plan to serve it. Build-out requirements will ensure that all licensed areas receive service.

Furthermore, a single national license or large market areas will serve to eliminate or disqualify entrepreneurs or small businesses wishing to use the spectrum. The financial requirements to obtain the large area licenses will be too great as will the investment needed to provide service in a large area.

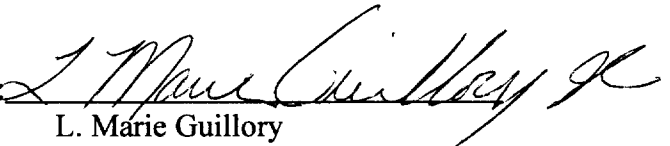
As the FCC recognizes, the 3650-3700 MHZ band has the potential to offer "local loop" or "last-mile" facilities. Such technology provides tremendous opportunities for rural areas where difficult terrain often makes traditional wireline service prohibitively expensive. The FCC should not license the service in such a way as to preclude those who are most in need of the service, *i.e.*, rural residents, from receiving the benefit of it. Small companies, specifically rural local exchange carriers, are searching for new opportunities and ways to provide efficient advanced services capabilities to their subscribers. The 3650-3600 MHZ band has that potential. The FCC should consider licensing it in such a way as to encourage deployment where it is most needed and by those most willing to provide it.

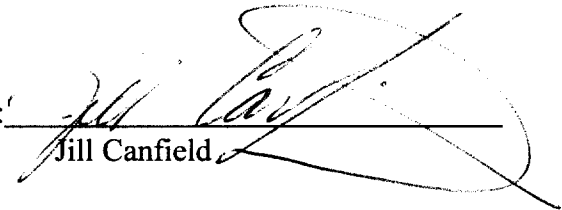
III. CONCLUSION

For the above-mentioned reasons, NTCA recommends that the FCC license the 3650-3700 MHZ band in smaller geographic areas than those proposed in the Notice of Proposed Rulemaking.

Respectfully submitted,

NATIONAL TELEPHONE COOPERATIVE
ASSOCIATION

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February 16, 1999

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Comments of the National Telephone Cooperative Association in ET Docket No. 98-237, FCC 98-337 was served on this 16th day of February 1999 by first-class, U.S. Mail, postage prepaid, to the following persons:


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